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**TENSAS PARISH POLICE JURY
St. Joseph, Louisiana**

**Primary Government Financial Statements
And Independent Auditor's Reports
As of December 31, 2004
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/02/05

TENSAS PARISH POLICE JURY

Annual Financial Statements
As of and for the Year Ended December 31, 2004
With Supplemental Information Schedules

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TENSAS PARISH POLICE JURY

Annual Financial Statements
As of and for the Year Ended December 31, 2004
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TENSAS PARISH POLICE JURY

Annual Financial Statements
As of and for the Year Ended December 31, 2004
With Supplemental Information Schedules

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INDEPENDENT AUDITORS' REPORT

Members of the Police Jury
Tensas Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tensas Parish Police Jury (Police Jury) as of and for the year ended December 31, 2004, which collectively comprise the financial statements of the parish's primary government as listed in the table of contents. These financial statements are the responsibility of the Police Jury's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not adopted a methodology for classifying expenditures by function in the general fund and accordingly, has not presented expenditures by function in the accompanying financial statements. Accounting principles generally accepted in the United States of America require expenditures to be presented by function in the statement of activities and the statement of revenues, expenditures and changes in fund balances of the governmental funds. The amount by which this departure would affect the expenses of the governmental activities is not reasonably determinable.

The financial statements referred to above include only the primary government of the Police Jury. The primary government consists of all funds, organizations, institutions, agencies, departments and offices that comprise the Parish's legal entity. The financial statements do not include financial data for certain legally separate component units which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Parish's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Tensas Parish Police Jury, as of December 31, 2004, and the respective changes in its financial position for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

Members of the Police Jury

Page two

In our opinion, except for the effects of the matter described in the third paragraph, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tensas Parish Police Jury as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 the Tensas Parish Police Jury has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for States and Local Governments, effective December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2005, on our consideration of Tensas Parish Police Jury's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 7 and pages 35 through 41, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ferriday, Louisiana
September 22, 2005

Switzer, Hopkins & Manga

REQUIRED SUPPLEMENTAL INFORMATION

**Management's Discussion and
Analysis (MD&A)**

TENSAS PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2004

As management of the Tensas Parish Police Jury we offer readers of the Tensas Parish Police Jury's financial statements this narrative overview and analysis of the financial activities of the Police Jury for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

This is the first year the Police Jury has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$5,009,429
- Total revenues exceeded expenditures by \$388,048
- The Police Jury had net capital assets of \$3,487,067 and has a \$367,392 debt associated with capital assets

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Tensas Parish Police Jury's financial statements. The Police Jury's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Police Jury's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Police Jury's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the town is improving or deteriorating.

The statement of activities presents information showing how the Police Jury's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the Police Jury that are principally supported by property taxes and intergovernmental revenues (governmental activities). Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The governmental fund financial statements can be found on pages 12 - 16 of this report.

TENSAS PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2004

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 33 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Police Jury assets exceeded liabilities by \$5,009,429 as of December 31, 2004.

Net Assets for the period ending December 31, 2004

The current year's financial statements are dramatically different from past years as a result of implementing GASB 34. Attempting to compare this year's data with last year would be misleading to the reader; however the Police Jury looks forward to offering comparative data in the future.

| | |
|---|-------------------------|
| Current Assets | \$ 3,142,423 |
| Restricted Assets | 296,144 |
| Capital Assets | <u>3,487,067</u> |
| Total Assets | <u><u>6,925,634</u></u> |
| | |
| Current Liabilities | 239,883 |
| Long-term Liabilities | <u>1,676,322</u> |
| Total Liabilities | <u>1,916,205</u> |
| | |
| Net Assets | |
| Investment in capital assets, net of related debt | 3,119,675 |
| Restricted | 296,144 |
| Unrestricted | <u>1,593,610</u> |
| Total Net Assets | <u><u>5,009,429</u></u> |

The following is a summary of the statement of activities:

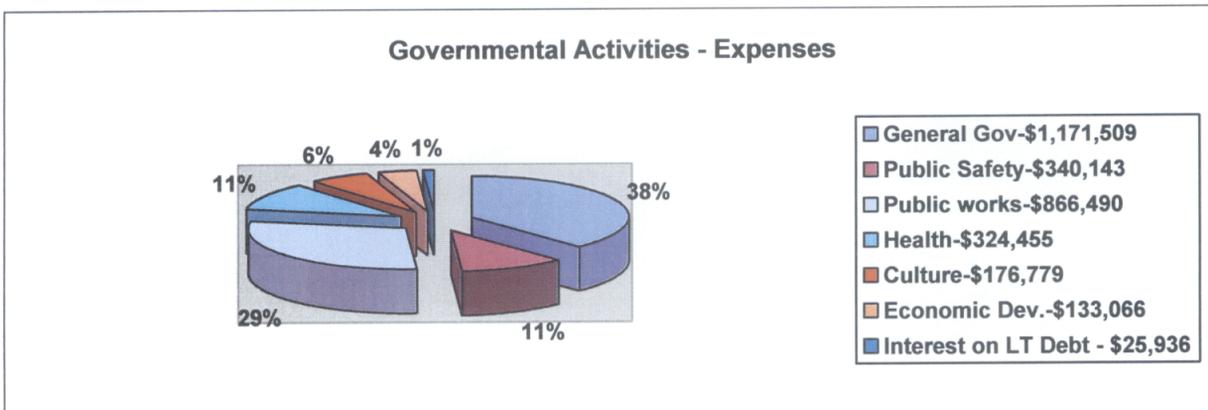
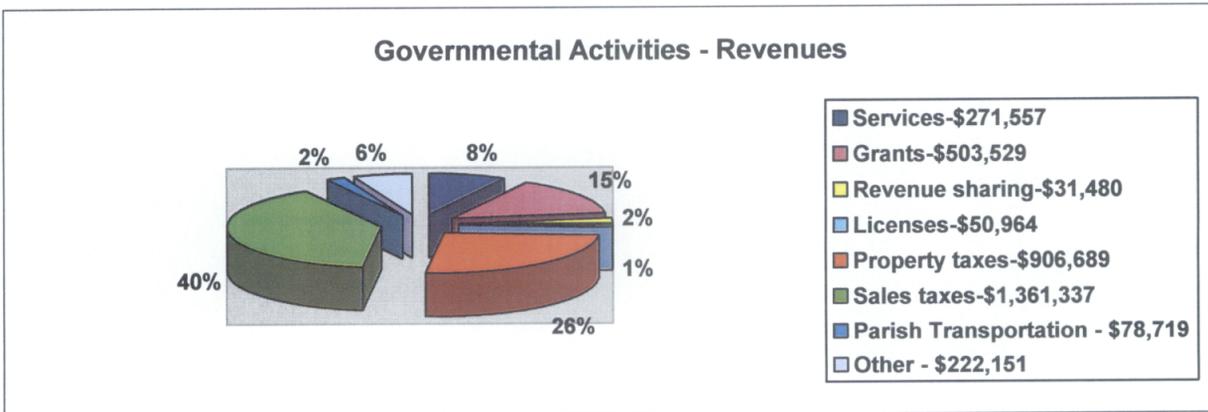
| | |
|-----------------------|----------------------------|
| Revenues | |
| Program revenues | 775,086 |
| General revenues | <u>2,651,340</u> |
| Total Revenues | <u><u>\$ 3,426,426</u></u> |

TENSAS PARISH POLICE JURY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 YEAR ENDED DECEMBER 31, 2004

Expenses:

| | |
|-----------------------------------|---------------------|
| General government | \$ 1,171,509 |
| Public safety | 340,143 |
| Public works | 866,490 |
| Health and welfare | 324,455 |
| Culture and recreation | 176,779 |
| Economic development | 133,066 |
| Interest on long-term debt | <u>25,936</u> |
| Total expenses | <u>3,038,378</u> |
| | |
| Increase (decrease) in net assets | 388,048 |
| | |
| Net assets December 31, 2003 | <u>4,621,381</u> |
| Net assets December 31, 2004 | <u>\$ 5,009,429</u> |

The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities.



**TENSAS PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2004**

The notes to the financial statements have additional information presented that is essential to a full understanding of the data provided in the government-wide financial statements.

Comments on General Fund Comparisons

The Police Jury's budget was amended once during the last year. The final budgeted expenditures were \$3,201,898 and revenues were budgeted at \$3,564,222.

Actual revenues were under budgeted amounts by over \$137,796 and actual expenditures were less than the budgeted amounts by over \$36,841. The budget was amended to primarily reflect grant revenues and expenditures that were not received or made in this year.

CAPITAL ASSETS

As of December 31, 2004, the Police Jury had \$3,487,067 invested in capital assets net of accumulated depreciation. This year there were additions of \$415,993 and additions were as follows:

| | |
|----------------------------|-------------------|
| General fund: | |
| Tensas Market Building | \$ 200,888 |
| Dodge Ram | 5,400 |
| Air conditioner-Fire House | 4,736 |
| Paperless Imaging System | 17,196 |
| Radio & Installation | 849 |
| Lo Boy Trailer | 65,494 |
| 2004 Bookmobile | 96,113 |
| Library Books | <u>25,317</u> |
| Total additions | <u>\$ 415,993</u> |

Infrastructure assets (roads and bridges) are not included in capital assets.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Police Jury's finances and to show the Police Jury's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Cathy Darden, Secretary-Treasurer, 205 Hancock Street, St Joseph, LA 71366.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

TENSAS PARISH POLICE JURY
STATEMENT OF NET ASSETS
For the Year Ended December 31, 2004

Statement A

| | |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 2,129,050 |
| Receivables | 1,013,373 |
| Amounts held by trustee for landfill closure and postclosure care costs | 293,334 |
| Restricted assets | 2,810 |
| Capital assets, net | <u>3,487,067</u> |
| TOTAL ASSETS | <u><u>6,925,634</u></u> |
| LIABILITIES | |
| Accounts, salaries and other payables | 156,063 |
| Intergovernmental payables | 27,338 |
| Long-term liabilities | |
| Due within one year | 56,482 |
| Due in more than one year | <u>1,676,322</u> |
| TOTAL LIABILITIES | <u><u>1,916,205</u></u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 3,119,675 |
| Restricted for: | |
| Debt service | 2,810 |
| Landfill closure | 293,334 |
| Unrestricted | <u>1,593,610</u> |
| TOTAL NET ASSETS | <u><u>\$ 5,009,429</u></u> |

The following notes are an integral part of these financial statements.

TENSAS PARISH POLICE JURY
 STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2004

Statement B

| | Program Revenues | | | | |
|---|-------------------------|--|--|--|--------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets | |
| FUNCTIONS/PROGRAMS | | | | | |
| <i>Primary Government: Governmental Activities:</i> | | | | | |
| General government: | | | | | |
| Judicial | \$ 130,532 | \$ 74,429 | \$ - | \$ - | \$ (56,103) |
| Finance and administrative | 44,322 | - | - | - | (44,322) |
| Other general administrative | 996,655 | - | - | - | (996,655) |
| Public safety | 340,143 | 89,532 | 212,649 | 23,844 | (14,118) |
| Public works | 866,490 | 107,596 | 10,554 | 39,034 | (709,306) |
| Health and welfare | 324,455 | - | 29,500 | - | (294,955) |
| Culture and recreation | 176,779 | - | 57,895 | 100,000 | (18,884) |
| Economic development | 133,066 | - | 30,053 | - | (103,013) |
| Interest on long-term debt | 25,936 | - | - | - | (25,936) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$3,038,378 | \$ 271,557 | \$ 340,651 | \$ 162,878 | (2,263,292) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Ad valorem | | | | | 906,689 |
| Sales | | | | | 1,361,337 |
| Other taxes | | | | | 167,760 |
| Licenses and permits | | | | | 50,964 |
| State funds: | | | | | |
| Parish transportation funds | | | | | 78,719 |
| State revenue sharing | | | | | 31,480 |
| Fire insurance rebates | | | | | 17,722 |
| Interest income | | | | | 24,925 |
| Other revenues | | | | | 11,744 |
| Total general revenue | | | | | 2,651,340 |
| Changes in net assets | | | | | 388,048 |
| Net assets, beginning of year | | | | | 4,621,381 |
| Net assets, end of year | | | | | \$ 5,009,429 |

The following notes are an integral part of these financial statements.

Fund Financial Statements (FFS)

TENSAS PARISH POLICE JURY

GOVERNMENTAL FUNDS

Balance Sheet

December 31, 2004

Statement C

| | General Fund | Road Fund | Ambulance Fund | Health Unit Fund | Economic Development Fund | Other Governmental Funds | Total |
|---|-------------------|---------------------|-------------------|-------------------|---------------------------|--------------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 143,322 | \$ 1,301,099 | \$ 152,113 | \$ 35,195 | \$ 125,344 | \$ 371,977 | \$2,129,050 |
| Receivables | 550,590 | 34,349 | 50,102 | 98,939 | 18,832 | 260,561 | 1,013,373 |
| Amounts held by trustee for landfill closure and postclosure care costs | - | - | - | - | - | 293,334 | 293,334 |
| Restricted assets | - | - | - | - | - | 2,810 | 2,810 |
| Advances to other funds | - | - | 147,533 | 349,953 | 290,780 | 570,970 | 1,359,236 |
| TOTAL ASSETS | <u>693,912</u> | <u>1,335,448</u> | <u>349,748</u> | <u>484,087</u> | <u>434,956</u> | <u>1,499,652</u> | <u>4,797,803</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts, salaries and other payables | 34,819 | 49,703 | 24,597 | 627 | 24,069 | 22,248 | 156,063 |
| Advances from other funds | - | 1,359,236 | - | - | - | - | 1,359,236 |
| Intergovernmental payables | - | - | - | - | - | 27,338 | 27,338 |
| Total Liabilities | <u>34,819</u> | <u>1,408,939</u> | <u>24,597</u> | <u>627</u> | <u>24,069</u> | <u>49,586</u> | <u>1,542,637</u> |
| Fund Balances/Deficit: | | | | | | | |
| Reserved for: | | | | | | | |
| Debt service | - | - | - | - | - | 2,810 | 2,810 |
| Landfill closure | - | - | - | - | - | 293,334 | 293,334 |
| Advances | - | - | 147,533 | 349,953 | 290,780 | 570,970 | 1,359,236 |
| Unreserved, reported in: | | | | | | | |
| General | 659,093 | - | - | - | - | - | 659,093 |
| Special revenue (deficit) | - | (73,491) | 177,618 | 133,507 | 120,107 | 582,952 | 940,693 |
| Total Fund Balances (deficit) | <u>659,093</u> | <u>(73,491)</u> | <u>325,151</u> | <u>483,460</u> | <u>410,887</u> | <u>1,450,066</u> | <u>3,255,166</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 693,912</u> | <u>\$ 1,335,448</u> | <u>\$ 349,748</u> | <u>\$ 484,087</u> | <u>\$ 434,956</u> | <u>\$ 1,499,652</u> | <u>\$ 4,797,803</u> |

TENSAS PARISH POLICE JURY

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statements
of Net Assets
December 31, 2004

Statement D

Total fund balances-governmental funds (Statement C) \$ 3,255,166

Total Net Assets reported for governmental activities in
the statement of net assets is different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the funds. Those assets consist of:

| | | |
|-------------------------------|--------------------|-----------|
| Land, buildings and equipment | \$ 4,565,668 | |
| Less accumulated depreciation | <u>(1,078,601)</u> | 3,487,067 |

Long-term liabilities are not due and payable in the
current period and therefore are not reported in
the fund liabilities.

(1,732,804)

Net assets (Statement A)

\$ 5,009,429

TENSAS PARISH POLICE JURY

Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2004

Statement E

| | General Fund | Road Fund | Ambulance Fund | Health Unit Fund | Economic Development Fund | Other Governmental Funds | Total |
|--|-----------------|--------------|-------------------|------------------------|---------------------------------|--------------------------------|------------|
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Ad valorem | \$ 542,664 | - | \$ - | \$ 109,627 | - | \$ 254,398 | \$ 906,689 |
| Sales taxes | - | 314,181 | 558,264 | - | 209,498 | 279,394 | 1,361,337 |
| Other taxes | 167,760 | - | - | - | - | - | 167,760 |
| Licenses and permits | 50,964 | - | - | - | - | - | 50,964 |
| Intergovernmental revenues: | | | | | | | |
| Federal funds-federal grants | - | - | - | - | - | 209,144 | 209,144 |
| State funds: | | | | | | | |
| Parish transportation funds | - | 78,719 | - | - | - | - | 78,719 |
| State revenue sharing | 6,652 | - | - | 5,518 | - | 19,310 | 31,480 |
| Fire insurance rebates | 17,722 | - | - | - | - | - | 17,722 |
| Other state grants | 40,347 | 49,588 | - | 29,500 | 30,053 | 144,897 | 294,385 |
| Fees, charges and commissions for services | - | - | - | - | - | 74,429 | 74,429 |
| Fines and forfeitures | - | - | - | - | - | 10,505 | 10,505 |
| Interest income | 2,789 | 1,643 | 1,865 | 4,617 | 3,506 | 6,834 | 24,925 |
| Other revenues | 3,663 | 572 | - | - | 675 | - | 11,744 |
| Total Revenues | 832,561 | 444,703 | 560,129 | 149,262 | 243,732 | 1,196,039 | 3,426,426 |
| EXPENDITURES | | | | | | | |
| General government | | | | | | | |
| Judicial | - | - | - | - | - | 130,532 | 130,532 |
| Finance and administrative | - | 8,714 | 9,935 | 638 | 9,177 | 15,858 | 44,322 |
| Other general government | 937,325 | - | - | - | - | - | 937,325 |
| Public safety | - | - | - | - | - | 287,511 | 287,511 |
| Public works | - | 549,017 | - | - | - | 215,110 | 764,127 |
| Health and welfare | - | - | 275,786 | 20,481 | - | - | 296,267 |
| Culture and recreation | - | - | - | - | - | 140,668 | 140,668 |
| Economic development | - | - | - | - | 133,066 | - | 133,066 |

TENSAS PARISH POLICE JURY

Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2004

Statement E

| | General Fund | Road Fund | Ambulance Fund | Health Unit Fund | Economic Development Fund | Other Governmental Funds | Total |
|--|-------------------|--------------------|-------------------|------------------------|---------------------------------|--------------------------------|--------------------|
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | - | - | 62,991 | 62,991 |
| Interest and bank charges | - | - | - | - | - | 25,936 | 25,936 |
| Capital outlay | 28,181 | 65,494 | - | - | 200,888 | 121,431 | 415,994 |
| Total expenditures | <u>965,506</u> | <u>623,225</u> | <u>285,721</u> | <u>21,119</u> | <u>343,131</u> | <u>1,000,037</u> | <u>3,238,739</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (132,945) | (178,522) | 274,408 | 128,143 | (99,399) | 196,002 | 187,687 |
| OTHER FINANCING SOURCES (Uses) | | | | | | | |
| Transfers in | 241,944 | 90,825 | - | - | 48,992 | 245,955 | 627,716 |
| Transfers (out) | (168,595) | (125,174) | (139,061) | (38,054) | - | (156,832) | (627,716) |
| Proceeds from loan | - | - | - | - | 156,150 | - | 156,150 |
| Total Other Financing Sources (Uses) | <u>73,349</u> | <u>(34,349)</u> | <u>(139,061)</u> | <u>(38,054)</u> | <u>205,142</u> | <u>89,123</u> | <u>156,150</u> |
| Net Change in Fund Balances | (59,596) | (212,871) | 135,347 | 90,089 | 105,743 | 285,125 | 343,837 |
| FUND BALANCES - BEGINNING | <u>718,689</u> | <u>139,380</u> | <u>189,804</u> | <u>393,371</u> | <u>305,144</u> | <u>1,164,941</u> | <u>2,911,329</u> |
| FUND BALANCES - ENDING (deficit) | <u>\$ 659,093</u> | <u>\$ (73,491)</u> | <u>\$ 325,151</u> | <u>\$ 483,460</u> | <u>\$ 410,887</u> | <u>\$ 1,450,066</u> | <u>\$3,255,166</u> |

TENSAS PARISH POLICE JURY

Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances/Deficits
 For the Year Ended December 31, 2004

Statement F

Total net change in fund balances-governmental funds (Statement E) \$ 343,837

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceed depreciation expense in the period:

| | | |
|----------------------|------------------|---------|
| Capital outlay | 415,994 | |
| Depreciation expense | <u>(278,624)</u> | 137,370 |

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets: 62,991

Capital related loan proceeds are recorded as income in governmental funds (156,150)

Change in net assets of governmental activities (Statement B) \$ 388,048

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2004

INTRODUCTION

The Tensas Parish Police Jury is the governing authority for Tensas Parish and is a political subdivision of the State of Louisiana. The Police Jury is governed by seven jurors representing the various districts within the parish. The jurors serve four-year terms that expire January 2008. Tensas Parish is located in Northeast Louisiana and has a population of approximately 6,200. The Police Jury has 18 full time employees and maintains 155 miles of roads.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the jury is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Police Jury may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt. The Police Jury has oversight of other component units that are blended into the Police Jury's basic financial statements.

Blended component units of the Police Jury are Gravity Drainage District's No. 1, No. 2 and No. 3 and the Tensas Parish Library. These component units, despite being legally separate from the Police Jury, are so intertwined with the primary government that they are, in substance, the same as the primary government. These component units are reported as part of the primary government in both the fund financial statements and the government-wide financial statements. The blended component unit's balances and transactions are reported in the same manner as the balances and transactions of the Police Jury itself. These entities are reported in the Nonmajor Special Revenue Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. These component units are as follows:

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NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Component Unit

Fire Protection District No. 1 of Tensas Parish
Lake Bruin Commission
Lake Bruin Water Works No. 1
Tensas Economic and Industrial Development District
Tensas Parish Agricultural Arena Commission
Tensas Parish Clerk of Court
Tensas Parish Hospital Service District
Tensas Parish Sheriff
Tensas Parish Tax Assessor
Tensas Port Commission
Tensas Water District, Inc.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Police Jury reports the following major governmental funds:

General fund – The general fund is the general operating fund of the Police Jury. It accounts for all activities except those required to be accounted for in other funds.

Road fund – This fund accounts for funds used to maintain roads.

Ambulance fund – This fund accounts for funds used to operate the ambulance services.

Health unit fund – This fund accounts for funds used to operate the health unit.

Economic development fund – This fund accounts for funds used in economic development for the parish.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Police Jury's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Cash and Cash Equivalents

The Police Jury's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Police Jury's investment policy allow the Police Jury to invest in *collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.*

Investments for the Police Jury, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The balance of accounts receivable is expected to be a collected in full so no allowance for doubtful accounts has been established.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

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NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

| | <u>Authorized Millage</u> | <u>Levied Millage</u> | <u>Expiration Date</u> |
|-------------------------|-------------------------------|---------------------------|----------------------------|
| Taxes due for: | | | |
| General Fund | 3.49 | 3.49 | Indefinite |
| Court System building | 11.07 | 11.07 | 2007 |
| Drainage District No. 1 | 5.68 | 5.68 | 2006 |
| Drainage District No. 2 | 3.02 | 3.02 | 2011 |
| Drainage District No. 3 | 3.8 | 3.8 | 2013 |
| Health Unit | 2.89 | 2.89 | 2006 |
| Library | 4.42 | 4.19 | 2006 |

The following are the principal taxpayers and related property tax revenue for the parish:

| | <u>Type of Business</u> | <u>Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> | <u>Ad Valorem Tax Revenue for Parish</u> |
|--------------------------------|-----------------------------|-------------------------------|--|--|
| American Commercial Barge Line | Barge Line | \$ 3,406,520 | 8.88% | \$288,294 |
| American River Transport Co. | Barge Line | 3,197,230 | 8.33% | 270,581 |
| Ingram Barge Company | Barge Line | 3,024,860 | 7.88% | 255,994 |
| Cross Keys Bank | Banking | 2,006,505 | 5.20% | 185,910 |

Sales taxes are authorized as follows:

| | <u>Levied Per Cent</u> | <u>Expiration Date</u> |
|---------------------------------|----------------------------|----------------------------|
| Landfill and garbage collection | 1.00% | Indefinite |
| Roads | 0.75% | Indefinite |
| Economic development | 0.50% | 4/1/2013 |
| Fire protection | 0.25% | 10/1/2009 |
| Ambulance | 1.00% | 10/1/2013 |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

E. Restricted Assets and Reserved Equity

Restricted assets represent those assets that are legally separated for a specific purpose. Restricted assets at December 31, 2004 were as follows:

| | |
|---|-------------------|
| Restricted for landfill closure | \$ 293,334 |
| Restricted for certificates of indebtedness | <u>2,810</u> |
| Total | <u>\$ 296,144</u> |

F. Elimination and Reclassifications

In the process of compiling data for the statement of net assets and the statement and the statement of activities some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

G. Capital Assets

Capital assets, which include property, plant, equipment and land assets are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (94% of capital assets are reported at actual cost) if historical cost is not available. The Police Jury maintains a threshold level of \$1,000 or more for capitalizing capital assets. Infrastructure assets (roads and bridges) are not included for those items acquired prior to January 1, 2004.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--|------------------------|
| Buildings and Improvements | 10-40 years |
| Equipment and Furniture (including vehicles) | 5-10 years |
| Books, periodicals and law books | 7-10 years |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

H. Compensated Absences

Employees of the Police Jury earn 5 to 10 days of non-cumulative annual leave each year, depending on their length of service. Full-time employees are allowed, on an as-needed basis, sick leave up to 12 days each year. A maximum of 30 days of sick leave may be accumulated and carried forward. There is no provision for payment of accrued sick leave upon separation.

Full-time employees of the Tensas Parish Library, with at least 6 months of service, earn from 10 to 22 days of non-cumulative annual leave each year, depending on their position. Part-time employees earn annual leave on a pro rata basis. Full-time employees earn 14 days of sick leave each year, with part-time employees earning sick leave on a pro rata basis. Sick leave of up to 42 days may be accumulated. There is no provision for payment of accumulated sick leave upon separation.

Employees of the Sixth Judicial District Criminal Court Fund earn from 5 to 10 days of vacation leave each year, depending on their length of service. Annual leave must be taken in the year earned and cannot be carried forward. Sick leave is granted, on an as-needed basis, at the discretion of the district attorney and judges of the district. At December 31, 2004 there are no accumulated and vested benefits relating to annual and sick leave that require accrual or disclosure.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information – The Police Jury uses the following budget practices:

Budgets – Preliminary budgets for the ensuing year are prepared by the secretary-treasurer prior to December 31 of each year. The availability of the proposed budgets for public inspection and the date of the public hearing on the proposed budgets are then advertised in the official journal. During its regular December meeting, the Police Jury holds a public hearing on the proposed budgets in order to receive comments from residents of the parish. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury as a whole. The budgets are then adopted during the Police Jury’s regular December meeting, and a notice of the adoption is then published in the official journal.

The secretary-treasurer presents necessary budget amendments to the Police Jury during the year when, in her judgment, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Police Jury reviews the proposed amendments, makes changes as it deems necessary and formally adopts the amendments. The adoption of the amendments is included in Police Jury minutes published in the official journal.

The Police Jury exercises budgetary control at the functional level. Within functions the secretary-treasurer has the discretion to make changes as she deems necessary for proper control. Unexpended appropriations lapse at year end and must be re-appropriated in the next year’s budget to be expended.

Deficit Fund Balances – The following fund has a deficit in the unreserved fund balance at December 31, 2004:

| | <u>Amount of Deficit</u> |
|-----------|------------------------------|
| Road Fund | \$ 73,491 |

3. CASH AND CASH EQUIVALENTS

At December 31, 2004, the Police Jury has cash and cash equivalents (book balances) totaling \$2,425,194 as follows:

| | |
|-----------------|---------------------|
| Demand Deposits | \$ 874,400 |
| Time deposits | <u>1,550,794</u> |
| Total | <u>\$ 2,425,194</u> |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

3. CASH AND CASH EQUIVALENTS – continued

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the Police Jury has \$2,607,916 in deposits (collected bank balances). These deposits are secured from risk by \$418,848 of federal deposit insurance and \$2,189,068 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Police Jury that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$1,013,373 at December 31, 2004 are as follows:

| <u>Class of Receivable</u> | <u>General Fund</u> | <u>Road Fund</u> | <u>Ambulance Fund</u> | <u>Health Unit Fund</u> | <u>Economic Development Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|----------------------------|---------------------|------------------|-----------------------|-------------------------|----------------------------------|---------------------------------|---------------------|
| Taxes: | | | | | | | |
| Ad valorem | \$ 498,462 | \$ - | \$ - | \$ 98,939 | \$ - | \$ 226,252 | \$ 823,653 |
| Sales and use | - | 28,232 | 50,102 | - | 18,832 | 25,214 | 122,380 |
| Other taxes | 52,128 | 6,117 | - | - | - | - | 58,245 |
| Fines | - | - | - | - | - | 4,095 | 4,095 |
| Other | - | - | - | - | - | 5,000 | 5,000 |
| Total | <u>\$ 550,590</u> | <u>\$ 34,349</u> | <u>\$ 50,102</u> | <u>\$ 98,939</u> | <u>\$ 18,832</u> | <u>\$ 260,561</u> | <u>\$ 1,013,373</u> |

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, no allowance for doubtful accounts has been established for ad valorem taxes. The balance of accounts receivable is expected to be collected in full so no allowance for doubtful accounts have been established.

TENSAS PARISH POLICE JURY

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5. INTERFUND RECEIVABLES/PAYABLES (FSS LEVEL ONLY)

| <u>Advances to Other Funds</u> | <u>Amount</u> | <u>Advances from Other Funds</u> | <u>Amount</u> |
|--------------------------------|---------------------|--------------------------------------|------------------|
| Major Funds: | | Major Funds: | |
| Ambulance | \$ 147,533 | Road | \$ 1,359,236 |
| Health Unit | 349,953 | | |
| Economic Development | 290,780 | | |
| Non-Major Funds | 570,970 | | |
| | <u>\$ 1,359,236</u> | | <u>1,359,236</u> |

The purpose of the advances to/advances from balances was to provide funds of operating purposes.

6. CAPITAL ASSETS

A summary of the Police Jury's capital assets follows:

| | | | | | |
|---|---------------------|-------------------|-------------|-----------------------|---------------------|
| Capital assets not being depreciated | | | | | |
| Land | \$ 346,698 | \$ - | \$ - | \$ - | \$ 346,698 |
| Capital assets being depreciated | | | | | |
| Buildings | 2,393,897 | 200,888 | - | (582,131) | 2,012,654 |
| Furniture, fixtures and equipment | 3,379,464 | 215,105 | - | (1,388,254) | 2,206,315 |
| Total | <u>5,773,361</u> | <u>415,993</u> | <u>-</u> | <u>(1,970,385)</u> | <u>4,218,969</u> |
| Less accumulated depreciation | | | | | |
| Buildings | - | (47,917) | - | (142,732) | (190,649) |
| Furniture, fixtures and equipment | - | (230,707) | - | (657,244) | (887,951) |
| Total buildings and improvements | <u>-</u> | <u>(278,624)</u> | <u>-</u> | <u>(799,976)</u> | <u>(1,078,600)</u> |
| Total capital assets being depreciated, net | <u>\$ 6,120,059</u> | <u>\$ 137,369</u> | <u>\$ -</u> | <u>\$ (2,770,361)</u> | <u>\$ 3,487,067</u> |

Depreciation expense of \$278,624 for the year ended December 31, 2004 was charged to the following governmental functions:

| | |
|------------------------|-------------------|
| General Government | \$ 59,330 |
| Public Safety | 52,632 |
| Public Works | 102,363 |
| Health and Welfare | 28,188 |
| Culture and Recreation | 36,111 |
| Total | <u>\$ 278,624</u> |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
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7. INTERFUND TRANSFERS

Operating transfers for the year ended December 31, 2004 were as follows:

| Fund: | <u>Transfer In</u> | <u>Transfers Out</u> |
|---------------------------|--------------------|----------------------|
| General Government | \$ 241,944 | \$ 168,595 |
| Road Fund | 90,825 | 125,174 |
| Ambulance Fund | - | 139,061 |
| Health Unit Fund | - | 38,054 |
| Economic Development Fund | 48,992 | - |
| Other Governmental | 245,955 | 156,832 |
| Total | <u>\$ 627,716</u> | <u>\$ 627,716</u> |

Transfers are primarily used to cover operating expenses.

8. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$156,063 at December 31, 2004 are as follows:

| | <u>General Fund</u> | <u>Road Fund</u> | <u>Ambulance Fund</u> | <u>Health Unit Fund</u> | <u>Economic Development Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--------------|-------------------------|----------------------|---------------------------|---------------------------------|--|---|-------------------|
| Salaries | \$ - | \$ 2,222 | \$ - | \$ - | \$ - | \$ - | \$ 2,222 |
| Withholdings | 10,615 | 11,002 | - | - | 1,278 | 11,776 | 34,671 |
| Accounts | 24,204 | 36,479 | 24,597 | 627 | 22,791 | 10,472 | 119,170 |
| Total | <u>\$ 34,819</u> | <u>\$ 49,703</u> | <u>\$ 24,597</u> | <u>\$ 627</u> | <u>\$ 24,069</u> | <u>\$ 22,248</u> | <u>\$ 156,063</u> |

9. LONG-TERM LIABILITIES AND CAPITAL LEASES

The following is a summary of general long-term debt transactions for the year ended December 31, 2004:

| | <u>Note Payable</u> | <u>Certificates of Indebtedness</u> | <u>Lease/ Purchases Payable</u> | <u>Landfill Closure and Postclosure Care Costs</u> | <u>Total</u> |
|---|-------------------------|---|---|--|---------------------|
| Long-term debt at January 1, 2004 | \$ - | \$ 226,000 | \$ 62,413 | \$ 1,209,262 | \$ 1,497,675 |
| Prior period adjustments | - | - | 141,970 | - | 141,970 |
| Additions | 156,150 | - | - | - | 156,150 |
| Deletions | - | (20,000) | (42,991) | - | (62,991) |
| Long-term debt payable at December 31, 2004 | <u>\$ 156,150</u> | <u>\$ 206,000</u> | <u>\$ 161,392</u> | <u>\$ 1,209,262</u> | <u>\$ 1,732,804</u> |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
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9. LONG-TERM LIABILITIES AND CAPITAL LEASES - continued

The Police Jury records items under capital leases as an asset and an obligation in the accompanying financial statements. The net book value of equipment under capital leases at December 31 was \$178,492.

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2004:

| | Note Payable | Certificates of Indebtedness | Lease/ Purchases Payable | Landfill Closure and Postclosure Care Costs | Total |
|-------------------|-------------------|------------------------------------|--------------------------------|--|---------------------|
| Current portion | \$ - | \$ 24,500 | \$ 31,982 | \$ - | \$ 56,482 |
| Long-term portion | 156,150 | 181,500 | 129,410 | 1,209,262 | 1,676,322 |
| Total | <u>\$ 156,150</u> | <u>\$ 206,000</u> | <u>\$ 161,392</u> | <u>\$ 1,209,262</u> | <u>\$ 1,732,804</u> |

Long-term debt is comprised of the following issues:

Note payable:

\$262,500 economic development loan due in monthly interest and principal payments of \$2,785 beginning January 2006 with an interest rate of 5%. Balloon due after 119 payments made. Credit of \$12,500 to be given for each job created in first year and \$5,000 for each job after one year for seven years. Secured by immovable property.

\$ 156,150

Certificates of indebtedness:

\$245,999 certificates of indebtedness due in semi-annual interest and principal payments totaling \$2,250 to \$32,250 thru 2011 with interest at 7.5%. Secured by pledge of annual revenues.

206,000

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
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9. LONG-TERM LIABILITIES AND CAPITAL LEASES - continued

Capital leases:

\$80,346 capital lease due in monthly payments of
\$1,609 thru January 2007 with interest at 7.5%.
Secured by motor grader. 36,069

\$163,000 capital lease due in monthly payments
of \$1,907 thru August 2007 with interest at 4.55%.
Secured by motor grader. 125,323

Landfill closure costs:

Landfill closure costs estimated to occur in 2028 1,209,262

Total long-term debt \$ 1,732,804

The following is a schedule of future minimum payments of long-term debt (not including landfill closure) under the agreements together with the present value of the minimum payments as of December 31, 2004:

| <u>Year</u> | <u>Note Payable</u> | <u>Certificates of Indebtedness</u> | <u>Lease/ Purchases Payable</u> | <u>Total</u> |
|--------------------------------------|-------------------------|---|---|-------------------|
| 2005 | \$ - | \$ 34,750 | \$ 42,199 | \$ 76,949 |
| 2006 | 33,410 | 34,000 | 42,199 | 109,609 |
| 2007 | 33,410 | 33,250 | 92,350 | 159,010 |
| 2008 | 33,410 | 34,500 | - | 67,910 |
| 2009 | 33,410 | 34,700 | - | 68,110 |
| Thereafter | <u>33,410</u> | <u>103,800</u> | <u>-</u> | <u>137,210</u> |
| Total | 167,050 | 275,000 | 176,748 | 618,798 |
| Less-amounts representing interest | <u>(10,900)</u> | <u>(69,000)</u> | <u>(15,356)</u> | <u>(95,256)</u> |
| Net present value of future payments | <u>\$ 156,150</u> | <u>\$ 206,000</u> | <u>\$ 161,392</u> | <u>\$ 523,542</u> |

TENSAS PARISH POLICE JURY

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10. SOLID WASTE LANDFILL COSTS

State and federal laws and regulations require that the police jury place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The estimated liability for landfill closure and postclosure care is \$1,209,262.

However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

During the year ended December 31, 1998, the Police Jury established a trust fund, in accordance with an agreement between the Police Jury and the Louisiana Department of Environmental Quality (LDEQ), to provide funding to cover the closure and postclosure care costs estimated to be approximately \$1,209,262. The agreement provides that the police jury shall make annual contributions of approximately \$40,309 for thirty years.

The following is a summary of the trust fund activity for the year ended December 31, 2004, relating to the police jury's compliance with the LDEQ agreement:

| | |
|----------------------------|-------------------|
| Balance, December 31, 2003 | \$ 250,126 |
| Additions: | |
| Deposits | 40,309 |
| Interest earnings | <u>2,899</u> |
| Balance, December 31, 2004 | <u>\$ 293,334</u> |

11. RETIREMENT

Substantially all employees of the police jury are members of the parochial Employees Retirement System of Louisiana ("system"), a multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the police jury are members of Plan A.

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2004

11. RETIREMENT – continued

All permanent employees working at least 28 hours per week whom are paid wholly or in part from funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final compensation multiplied by the employee's years of credited service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 per cent of final compensation, plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980.

Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated previously and who do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, LA 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 11.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contributions to the System under Plan A for the year ending December 31, 2004 were \$58,729.

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

12. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the year ended December 31, 2004 the Police Jury implemented Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

GASB Statement No. 34 creates new basic financial statements for reporting on the Police Jury’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total on the fund financial statements as other governmental funds. Fund reclassifications and adjustments to the fund equities reported in the prior year financial statements were required as a result of the conversion to GASB Statement No. 34.

The provisions of these new statements have been incorporated into the financial statements and the accompanying notes. The following table summarizes the reclassifications and adjustments to the fund equity amounts reported in the prior year financial statements:

| | 12/31/2003 <u>As Reported</u> | Fund and Account <u>Reclassifications</u> | Prior Period <u>Adjustment</u> | 12/31/2003 <u>As Restated</u> |
|---|----------------------------------|---|--------------------------------------|----------------------------------|
| Governmental Funds and Governmental Activities | | | | |
| Major Funds: | | | | |
| General Fund | \$ 718,689 | \$ - | \$ - | 718,689 |
| Road Fund | - | 139,380 | - | 139,380 |
| Ambulance Fund | - | 189,804 | - | 189,804 |
| Health Unit Fund | - | 393,371 | - | 393,371 |
| Economic Development Fund | - | 305,144 | - | 305,144 |
| Other Governmental Funds: | | | | |
| Special Revenue | 2,189,830 | (1,024,889) | - | 1,164,941 |
| Debt Service | 2,810 | (2,810) | - | - |
| Total Governmental Funds | <u>2,911,329</u> | <u>-</u> | <u>-</u> | <u>2,911,329</u> |

TENSAS PARISH POLICE JURY

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2004

12. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE – continued

| | | | | |
|---|--------------|----------------|----------------|--------------|
| Governmental Activities: | | | | |
| Capital assets, net | \$ - | \$ 6,120,059 | \$ (2,770,362) | \$ 3,349,697 |
| Long-term liabilities | - | (1,497,675) | (141,970) | (1,639,645) |
| Total Governmental Funds and Governmental Activities | - | 4,622,384 | (2,912,332) | 1,710,052 |
| Account Groups | | | | |
| General Fixed Assets | 6,120,059 | (6,120,059) | - | - |
| General Long-term Debt | (1,497,675) | 1,497,675 | - | - |
| Total Account Groups | \$ 4,622,384 | \$ (4,622,384) | \$ - | \$ - |

13. RISK MANAGEMENT

The Police Jury is at risk for property damage, liability and theft which are covered by insurance policies.

REQUIRED SUPPLEMENTAL INFORMATION

TENSAS PARISH POLICE JURY

Budgetary Comparison Schedules

General Fund and Major Special Revenue Funds With Legally Adopted Annual Budgets

General Fund – The general fund accounts for all activities of the Police Jury except those that are accounted for in other funds.

Road fund – This fund accounts for funds used to maintain roads.

Ambulance fund – This fund accounts for funds used to operate the ambulance services.

Health unit fund – This fund accounts for funds used to operate the health unit.

Economic development – This fund accounts for funds used in economic development for the parish.

TENSAS PARISH POLICE JURY

General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2004

Exhibit I-1

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 603,741 | \$ 654,749 | \$ 542,664 | \$ (112,085) |
| Other taxes | 43,681 | 153,992 | 167,760 | 13,768 |
| Licenses and permits | 54,343 | 55,323 | 50,964 | (4,359) |
| Intergovernmental revenues: | | | | |
| State funds: | | | | |
| State revenue sharing | 18,000 | 17,055 | 6,652 | (10,403) |
| Fire insurance rebates | 15,188 | 17,722 | 17,722 | - |
| Other state grants | 471,600 | - | 40,347 | 40,347 |
| Interest income | 13,354 | 1,344 | 2,789 | 1,445 |
| Other revenues | 8,860 | 136,578 | 3,663 | (132,915) |
| Total Revenues | <u>1,228,767</u> | <u>1,036,763</u> | <u>832,561</u> | <u>(204,202)</u> |
| <u>EXPENDITURES</u> | | | | |
| General government: | | | | |
| Other general government | 861,595 | 986,177 | 937,325 | 48,852 |
| Capital outlay | 472,600 | 26,480 | 28,181 | (1,701) |
| Total Expenditures | <u>1,334,195</u> | <u>1,012,657</u> | <u>965,506</u> | <u>47,151</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (105,428) | 24,106 | (132,945) | (157,051) |
| OTHER FINANCING SOURCES (Uses) | | | | |
| Transfers in | - | - | 73,349 | 73,349 |
| Transfers (out) | (4,972) | (4,972) | - | 4,972 |
| | <u>(4,972)</u> | <u>(4,972)</u> | <u>73,349</u> | <u>78,321</u> |
| Net change in fund balances | (110,400) | 19,134 | (59,596) | (78,730) |
| Fund balance, beginning | <u>718,689</u> | <u>718,689</u> | <u>718,689</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 608,289</u> | <u>\$ 737,823</u> | <u>\$ 659,093</u> | <u>\$ (78,730)</u> |

TENSAS PARISH POLICE JURY

Road Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2004

Exhibit 1-2

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|------------------|--------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 267,776 | \$ 295,382 | \$ 314,181 | \$ 18,799 |
| Intergovernmental revenues: | | | | |
| State funds: | | | | |
| Parish transportation funds | 87,394 | 78,587 | 78,719 | 132 |
| Other state grants | 90,000 | 10,554 | 49,588 | 39,034 |
| Interest income | 3,341 | 1,137 | 1,643 | 506 |
| Other revenues | 11,024 | 41,495 | 572 | (40,923) |
| Total Revenues | <u>459,535</u> | <u>427,155</u> | <u>444,703</u> | <u>17,548</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Finance and administrative | 3,310 | 46,796 | 8,714 | 38,082 |
| Public works | 627,646 | 572,458 | 549,017 | 23,441 |
| Capital outlay | 16,000 | 44,081 | 65,494 | (21,413) |
| Total Expenditures | <u>646,956</u> | <u>663,335</u> | <u>623,225</u> | <u>40,110</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (187,421) | (236,180) | (178,522) | 57,658 |
| OTHER FINANCING SOURCES (Uses) | | | | |
| Transfers in | 187,421 | 187,421 | - | (187,421) |
| Transfers (out) | - | - | (34,349) | (34,349) |
| | <u>187,421</u> | <u>187,421</u> | <u>(34,349)</u> | <u>(221,770)</u> |
| Net change in fund balances | - | (48,759) | (212,871) | (164,112) |
| Fund balance, beginning | <u>139,380</u> | <u>139,380</u> | <u>139,380</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 139,380</u> | <u>\$ 90,621</u> | <u>\$ (73,491)</u> | <u>\$ (164,112)</u> |

TENSAS PARISH POLICE JURY

Ambulance Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2004

Exhibit 1-3

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 125,000 | \$ 524,844 | \$ 558,264 | \$ 33,420 |
| Interest income | 3,100 | 1,674 | 1,865 | 191 |
| Total Revenues | <u>128,100</u> | <u>526,518</u> | <u>560,129</u> | <u>33,611</u> |
| <u>EXPENDITURES</u> | | | | |
| General government: | | | | |
| Finance and administrative | 10,000 | 6,837 | 9,935 | (3,098) |
| Health and welfare | <u>265,741</u> | <u>297,291</u> | <u>275,786</u> | <u>21,505</u> |
| Total Expenditures | <u>275,741</u> | <u>304,128</u> | <u>285,721</u> | <u>18,407</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (147,641) | 222,390 | 274,408 | 52,018 |
| OTHER FINANCING SOURCES (Uses) | | | | |
| Transfers in | 127,641 | 127,641 | - | (127,641) |
| Transfers (out) | <u>-</u> | <u>-</u> | <u>(139,061)</u> | <u>(139,061)</u> |
| | <u>127,641</u> | <u>127,641</u> | <u>(139,061)</u> | <u>(266,702)</u> |
| Net change in fund balances | (20,000) | 350,031 | 135,347 | (214,684) |
| Fund balance, beginning | <u>189,804</u> | <u>189,804</u> | <u>189,804</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 169,804</u> | <u>\$ 539,835</u> | <u>\$ 325,151</u> | <u>\$ (214,684)</u> |

TENSAS PARISH POLICE JURY

Health Unit Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2004

Exhibit 1-4

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|-------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | <u>Favorable</u> <u>(Unfavorable)</u> |
| <u>REVENUES</u> | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 130,677 | \$ 188,524 | \$ 109,627 | \$ (78,897) |
| Intergovernmental revenues: | | | | |
| State funds: | | | | |
| State revenue sharing | 5,000 | 7,585 | 5,518 | (2,067) |
| Other state grants | - | 29,500 | 29,500 | - |
| Interest income | <u>7,123</u> | <u>4,163</u> | <u>4,617</u> | <u>454</u> |
| Total Revenues | <u>142,800</u> | <u>229,772</u> | <u>149,262</u> | <u>(80,510)</u> |
| <u>EXPENDITURES</u> | | | | |
| General government: | | | | |
| Finance and administrative | - | 958 | 638 | 320 |
| Health and welfare | <u>22,699</u> | <u>21,528</u> | <u>20,481</u> | <u>1,047</u> |
| Total Expenditures | <u>22,699</u> | <u>22,486</u> | <u>21,119</u> | <u>1,367</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 120,101 | 207,286 | 128,143 | (79,143) |
| OTHER FINANCING (Uses) | | | | |
| Transfers (out) | <u>-</u> | <u>-</u> | <u>(38,054)</u> | <u>(38,054)</u> |
| Net change in fund balances | 120,101 | 207,286 | 90,089 | (117,197) |
| Fund balance, beginning | <u>393,371</u> | <u>393,371</u> | <u>393,371</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 513,472</u> | <u>\$ 600,657</u> | <u>\$ 483,460</u> | <u>\$ (117,197)</u> |

TENSAS PARISH POLICE JURY

Economic Development Unit Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2004

Exhibit 1-5

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Sales taxes | \$ 92,000 | \$ 196,964 | \$ 209,498 | \$ 12,534 |
| Intergovernmental revenues: | | | | |
| State funds: | | | | |
| Other state grants | - | - | 30,053 | 30,053 |
| Interest income | 4,200 | 3,191 | 3,506 | 315 |
| Other revenues | 4,214,266 | 83,787 | 675 | (83,112) |
| Total Revenues | <u>4,310,466</u> | <u>283,942</u> | <u>243,732</u> | <u>(40,210)</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Finance and administrative | 11,400 | 9,637 | 9,177 | 460 |
| Economic development and assistance | 78,625 | 270,524 | 133,066 | 137,458 |
| Capital outlay | 504,125 | 100,139 | 200,888 | (100,749) |
| Total Expenditures | <u>594,150</u> | <u>380,300</u> | <u>343,131</u> | <u>37,169</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 3,716,316 | (96,358) | (99,399) | (3,041) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | - | 48,992 | 48,992 |
| Proceeds from loan | 262,000 | 262,000 | 156,150 | (105,850) |
| Total Other Sources | <u>262,000</u> | <u>262,000</u> | <u>205,142</u> | <u>(56,858)</u> |
| Net change in fund balances | 3,978,316 | 165,642 | 105,743 | (59,899) |
| Fund balance, beginning | <u>305,144</u> | <u>305,144</u> | <u>305,144</u> | <u>-</u> |
| Fund balance, ending | <u>\$4,283,460</u> | <u>\$ 470,786</u> | <u>\$ 410,887</u> | <u>\$ (59,899)</u> |

TENSAS PARISH POLICE JURY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2004

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis and variances between the final budget and the actual data.

2. Budget Adoption and Amendments

Preliminary budgets for the ensuing year are prepared by the secretary-treasurer prior to December 31 of each year. The availability of the proposed budgets for public inspection and the date of the public hearing on the proposed budgets are advertised in the official journal. During its December meeting, the Police Jury holds a public hearing on the proposed budgets in order to receive comments from residents of the Parish. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury. The budgets are then adopted during the Police Jury's regular December meeting.

The secretary-treasurer presents necessary budget amendments to the Police Jury during the year when, in her judgment, actual operations are differing materially from those anticipated in the original budget. During a regular meeting, the Police Jury reviews the proposed amendments, makes changes as it deems necessary and formally adopts the amendments. The adoption of the amendments is included in Police Jury minutes published in the official journal.

The Police Jury exercises budgetary control at the functional level. Within functions the secretary-treasurer has the discretion to make changes as she deems necessary for proper control. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budgets must be approved by the Board and the grantor agencies.

SUPPLEMENTAL INFORMATION

**COMBINING
NONMAJOR GOVERNMENTAL FUNDS –
BY FUND TYPE**

TENSAS PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS

Waste Collection – accounts for the operation of a solid waste collection and disposal system. Sales tax revenues provide financing.

Drainage Districts No. 1, No. 2 and No. 3 – accounts for drainage projects within the boundaries of each respective district. A specific ad valorem tax and the related state revenue sharing in each district provide financing.

Landfill Site – accounts for the operation of the parish landfill. Financing is provided by sales tax revenues and tipping fees.

Tensas Reunion – accounts for the costs relating to the improvements made to the property owned by a non-profit organization located in the parish. Financing is provided by a grant from the State of Louisiana.

Criminal Court – created by Section 571.11 of Title 15 of the Louisiana Revised Statute of 1950, which provided that fines and forfeitures imposed by the district courts and district attorney conviction fees in criminal cases be transferred to parish treasurer and deposited into a special Criminal Court Fund to be used to pay expenses of the criminal court system of the parish. Expenditures are made from the fund on motion of the district attorney and approved by the district judges. The statute requires that one-half of the fund balance remaining at December 31, of each year be transferred to the parish General Fund.

Library – accounts for the operation of the Tensas Parish Library financed by a specific parishwide ad valorem tax and the related state revenue sharing, and state grants.

Emergency Preparedness – accounts for the operation of the parishwide civil defense program. Financing is provided by a grant from the Federal Emergency Management Agency.

Fire Protection – accounts for the activities relating to the collection and remittance of the one-quarter of one per cent sales tax approved by the voters for a period of ten years. The net proceeds of the tax (after cost of collections) are dedicated for the purpose of establishing and maintaining a parish-wide fire protection district. The net proceeds are remitted to the Fire Protection District No. 1 of Tensas Parish for subsequent disbursement, by the board of commissioners, for fire protection in the parish.

Rural Development – accounts for State of Louisiana grant for the construction of two parking lots for the court house.

Bookmobile – accounts for State of Louisiana grant for purchase of a bookmobile.

TENSAS PARISH POLICE JURY

NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet – By Fund Type
 December 31, 2004

Exhibit 2

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total</u> |
|--|----------------------------|-------------------------|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 371,977 | \$ - | 371,977 |
| Receivables | 260,561 | - | 260,561 |
| Amounts held by Trustee for landfill closure and postclosure care costs | 293,334 | - | 293,334 |
| Restricted assets | - | 2,810 | 2,810 |
| Advances to other funds | <u>570,970</u> | <u>-</u> | <u>570,970</u> |
| TOTAL ASSETS | <u><u>1,496,842</u></u> | <u><u>2,810</u></u> | <u><u>1,499,652</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts, salaries and other payables | 22,248 | - | 22,248 |
| Intergovernmental payables | <u>27,338</u> | <u>-</u> | <u>27,338</u> |
| Total Liabilities | <u><u>49,586</u></u> | <u><u>-</u></u> | <u><u>49,586</u></u> |
| Fund Balances: | | | |
| Reserved for: | | | |
| Debt service | - | 2,810 | 2,810 |
| Landfill closure | 293,334 | - | 293,334 |
| Advances | 570,970 | - | 570,970 |
| Unreserved, reported in | | | |
| Special Revenue | <u>582,952</u> | <u>-</u> | <u>582,952</u> |
| Total Fund Balances | <u><u>1,447,256</u></u> | <u><u>2,810</u></u> | <u><u>1,450,066</u></u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 1,496,842</u></u> | <u><u>\$ 2,810</u></u> | <u><u>\$ 1,499,652</u></u> |

TENSAS PARISH POLICE JURY

NONMAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances – By Fund Type
 For the Year Ended December 31, 2004

Exhibit 3

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total</u> |
|--|----------------------------|-------------------------|------------------|
| REVENUES | | | |
| Taxes: | | | |
| Ad valorem | \$ 254,398 | \$ - | 254,398 |
| Sales taxes | 279,394 | - | 279,394 |
| Intergovernmental revenues: | | | |
| Federal funds-federal grants | 209,144 | - | 209,144 |
| State funds: | | | |
| State revenue sharing | 19,310 | - | 19,310 |
| Other state grants | 144,897 | - | 144,897 |
| Fees, charges and commissions | 197,128 | - | 197,128 |
| Fines and forfeitures | 74,429 | - | 74,429 |
| Interest income | 10,505 | - | 10,505 |
| Other Revenues | 6,834 | - | 6,834 |
| TOTAL REVENUES | <u>1,196,039</u> | <u>-</u> | <u>1,196,039</u> |
| EXPENDITURES | | | |
| General government | | | |
| Judicial | 130,532 | - | 130,532 |
| Finance and administrative | 15,858 | - | 15,858 |
| Public safety | 287,511 | - | 287,511 |
| Public works | 215,110 | - | 215,110 |
| Culture and recreation | 140,668 | - | 140,668 |
| Debt service: | | | |
| Principal retirement | - | 62,991 | 62,991 |
| Interest and bank charges | - | 25,936 | 25,936 |
| Capital outlay | 121,431 | - | 121,431 |
| TOTAL EXPENDITURES | <u>911,110</u> | <u>88,927</u> | <u>1,000,037</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 284,929 | (88,927) | 196,002 |

TENSAS PARISH POLICE JURY

NONMAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances – By Fund Type
 For the Year Ended December 31, 2004

Exhibit 3

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------------------|----------------------------|-------------------------|---------------------|
| OTHER FINANCING SOURCES (Uses) | | | |
| Transfers in | 157,028 | 88,927 | 245,955 |
| Transfers (out) | <u>(156,832)</u> | <u>-</u> | <u>(156,832)</u> |
| Total Other Financing Sources | <u>196</u> | <u>88,927</u> | <u>89,123</u> |
| Net change in fund balances | 285,125 | - | 285,125 |
| Fund balance, beginning | <u>1,162,131</u> | <u>2,810</u> | <u>1,164,941</u> |
| Fund balance, ending | <u>\$ 1,447,256</u> | <u>\$ 2,810</u> | <u>\$ 1,450,066</u> |

TENSAS PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS
 Combining Balance Sheet
 December 31, 2004

Exhibit 4

| | Drainage District <u>No.1</u> | Drainage District <u>No.2</u> | Drainage District <u>No.3</u> | Waste <u>Collection</u> | Landfill <u>Site</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|----------------------------|-------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 34,654 | \$ 114,788 | \$ 47,942 | \$ 53,582 | \$ - |
| Receivables | 23,598 | 35,939 | 23,270 | 25,214 | 5,000 |
| Amounts held by Trustee for landfill closure and postclosure care costs | - | - | - | - | 293,334 |
| Advances to other funds | - | - | - | 227,187 | 102,405 |
| TOTAL ASSETS | <u>58,252</u> | <u>150,727</u> | <u>71,212</u> | <u>305,983</u> | <u>400,739</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts, salaries and other payables | - | - | - | 6,195 | - |
| Intergovernmental payables | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,195</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Landfill closure | - | - | - | - | 293,334 |
| Advances | - | - | - | 227,187 | 102,405 |
| Unreserved | 58,252 | 150,727 | 71,212 | 72,601 | 5,000 |
| Total Fund Balances | <u>58,252</u> | <u>150,727</u> | <u>71,212</u> | <u>299,788</u> | <u>400,739</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 58,252</u> | <u>\$ 150,727</u> | <u>\$ 71,212</u> | <u>\$ 305,983</u> | <u>\$ 400,739</u> |

TENSAS PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

December 31, 2004

Exhibit 4

| <u>Tensas Reunion</u> | <u>Criminal Court</u> | <u>Library</u> | <u>Emergency Preparedness</u> | <u>Fire Protection</u> | <u>Rural Development</u> | <u>Bookmobile</u> | <u>Total</u> |
|---------------------------|---------------------------|-------------------|-----------------------------------|----------------------------|------------------------------|-------------------|---------------------|
| \$ - | \$ 16,823 | \$ 26,825 | \$ 58,726 | \$ 14,350 | \$ 400 | \$ 3,887 | \$ 371,977 |
| - | 4,095 | 143,445 | - | - | - | - | 260,561 |
| - | - | - | - | - | - | - | 293,334 |
| - | - | <u>177,981</u> | <u>47,927</u> | <u>15,470</u> | - | - | <u>570,970</u> |
| - | <u>20,918</u> | <u>348,251</u> | <u>106,653</u> | <u>29,820</u> | <u>400</u> | <u>3,887</u> | <u>1,496,842</u> |
| - | 5,468 | 4,344 | 4,184 | 2,057 | - | - | 22,248 |
| - | - | - | - | <u>27,338</u> | - | - | <u>27,338</u> |
| - | <u>5,468</u> | <u>4,344</u> | <u>4,184</u> | <u>29,395</u> | - | - | <u>49,586</u> |
| - | - | - | - | - | - | - | 293,334 |
| - | - | <u>177,981</u> | <u>47,927</u> | <u>15,470</u> | - | - | <u>570,970</u> |
| - | <u>15,450</u> | <u>165,926</u> | <u>54,542</u> | <u>(15,045)</u> | <u>400</u> | <u>3,887</u> | <u>582,952</u> |
| - | <u>15,450</u> | <u>343,907</u> | <u>102,469</u> | <u>425</u> | <u>400</u> | <u>3,887</u> | <u>1,447,256</u> |
| <u>\$ -</u> | <u>\$ 20,918</u> | <u>\$ 348,251</u> | <u>\$ 106,653</u> | <u>\$ 29,820</u> | <u>\$ 400</u> | <u>\$ 3,887</u> | <u>\$ 1,496,842</u> |

TENSAS PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the year ended December 31, 2004

Exhibit 5

| | Drainage District <u>No.1</u> | Drainage District <u>No. 2</u> | Drainage District <u>No. 3</u> | Waste Collection | Landfill Site |
|--|-------------------------------------|--------------------------------------|--------------------------------------|---------------------|-------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 26,288 | \$ 39,554 | \$ 26,019 | \$ - | \$ - |
| Sales taxes | - | - | - | 279,394 | - |
| Intergovernmental revenues: | | | | | |
| Federal funds-federal grants | - | - | - | - | - |
| State funds: | | | | | |
| State revenue sharing | 3,517 | 3,122 | 1,671 | - | - |
| Other state grants | - | - | - | - | - |
| Fees, charges and commissions | - | - | - | - | 107,596 |
| Fines and forfeitures | - | - | - | - | - |
| Interest income | 502 | 1,615 | 596 | 3,267 | 1,468 |
| Other Revenues | - | - | - | 585 | - |
| TOTAL REVENUES | <u>30,307</u> | <u>44,291</u> | <u>28,286</u> | <u>283,246</u> | <u>109,064</u> |
| EXPENDITURES | | | | | |
| General government | | | | | |
| Judicial | - | - | - | - | - |
| Finance and administrative | 3,431 | 2,900 | 1,100 | 8,427 | - |
| Public safety | - | - | - | - | - |
| Public works | 1,425 | 225 | 1,754 | 211,661 | 45 |
| Culture and recreation | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>4,856</u> | <u>3,125</u> | <u>2,854</u> | <u>220,088</u> | <u>45</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 25,451 | 41,166 | 25,432 | 63,158 | 109,019 |
| OTHER FINANCING SOURCES (Uses) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers (out) | (30,055) | (29,932) | (30,206) | (813) | (65,820) |
| Total Other Financing Sources (Uses) | <u>(30,055)</u> | <u>(29,932)</u> | <u>(30,206)</u> | <u>(813)</u> | <u>(65,820)</u> |
| Net change in fund balances | (4,604) | 11,234 | (4,774) | 62,345 | 43,199 |
| Fund balance, beginning | <u>62,856</u> | <u>139,493</u> | <u>75,986</u> | <u>237,443</u> | <u>357,540</u> |
| Fund balance, ending | <u>\$ 58,252</u> | <u>\$ 150,727</u> | <u>\$ 71,212</u> | <u>\$ 299,788</u> | <u>\$ 400,739</u> |

TENSAS PARISH POLICE JURY

NONMAJOR SPECIAL REVENUE FUNDS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the year ended December 31, 2004

Exhibit 5

| <u>Tensas Reunion</u> | <u>Criminal Court</u> | <u>Library</u> | <u>Emergency Preparedness</u> | <u>Fire Protection</u> | <u>Rural Development</u> | <u>Bookmobile</u> | <u>Total</u> |
|---------------------------|---------------------------|-------------------|-----------------------------------|----------------------------|------------------------------|-------------------|---------------------|
| \$ - | \$ - | \$ 162,537 | \$ - | \$ - | \$ - | \$ - | \$ 254,398 |
| - | - | - | - | - | - | - | 279,394 |
| - | - | - | 209,144 | - | - | - | 209,144 |
| - | - | 11,000 | - | - | - | - | 19,310 |
| - | - | 17,547 | 27,350 | - | - | 100,000 | 144,897 |
| - | - | - | 89,532 | - | - | - | 197,128 |
| - | 74,429 | - | - | - | - | - | 74,429 |
| - | - | 2,273 | 604 | 180 | - | - | 10,505 |
| - | - | 6,191 | 58 | - | - | - | 6,834 |
| - | <u>74,429</u> | <u>199,548</u> | <u>326,688</u> | <u>180</u> | <u>-</u> | <u>100,000</u> | <u>1,196,039</u> |
| - | 130,532 | - | - | - | - | - | 130,532 |
| - | - | - | - | - | - | - | 15,858 |
| - | - | - | 273,860 | 13,651 | - | - | 287,511 |
| - | - | - | - | - | - | - | 215,110 |
| - | - | 140,668 | - | - | - | - | 140,668 |
| - | - | 25,318 | - | - | - | 96,113 | 121,431 |
| - | <u>130,532</u> | <u>165,986</u> | <u>273,860</u> | <u>13,651</u> | <u>-</u> | <u>96,113</u> | <u>911,110</u> |
| - | (56,103) | 33,562 | 52,828 | (13,471) | - | 3,887 | 284,929 |
| - | 62,315 | 75,982 | 4,835 | 13,896 | - | - | 157,028 |
| (6) | - | - | - | - | - | - | (156,832) |
| (6) | <u>62,315</u> | <u>75,982</u> | <u>4,835</u> | <u>13,896</u> | <u>-</u> | <u>-</u> | <u>196</u> |
| (6) | 6,212 | 109,544 | 57,663 | 425 | - | 3,887 | 285,125 |
| 6 | 9,238 | 234,363 | 44,806 | - | 400 | - | 1,162,131 |
| <u>\$ -</u> | <u>\$ 15,450</u> | <u>\$ 343,907</u> | <u>\$ 102,469</u> | <u>\$ 425</u> | <u>\$ 400</u> | <u>\$ 3,887</u> | <u>\$ 1,447,256</u> |

TENSAS PARISH POLICE JURY

SUPPLEMENTAL INFORMATION SCHEDULES

As of December 31, 2004

COMPENSATION PAID

The schedule of compensation paid to Police Jurors and other board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

POLICE JURORS

Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the police jury has elected the monthly payment method of compensation. Under this method jurors receive monthly compensation at varying rates, but not exceeding the maximum provided by State law.

COMMISSIONERS – GRAVITY DRAINAGE DISTRICTS

In accordance with Louisiana Revised Statute (LSR-R.S.) 38:1794, each board member may receive per diem of up to \$60 for each day in the conduct of official business of the district, not to exceed 36 days each year.

The board of commissioners of Gravity District No. 1 has elected to receive \$50 per diem per meeting.

The board of commissioners of Gravity District No. 2 has elected to receive \$50 per diem per meeting.

The board of commissioners of Gravity District No. 3 has elected to receive \$50 per diem per meeting.

COMMISSIONERS – LIBRARY BOARD OF CONTROL

The commissioners of the library board of control receive no compensation from the library.

TENSAS PARISH POLICE JURY

SUPPLEMENTAL INFORMATION SCHEDULES
 Schedule of Compensation Paid Police Jurors and Others
 For the Year Ended December 31, 2004

Police Jurors

| | |
|-----------------------|----------------|
| Ples Bell | \$ 1,200 |
| Sam Dillard | 1,200 |
| Thomas Hale | 1,200 |
| Rufus Merritt | 1,200 |
| James Nicholson | 1,200 |
| Woodrow W. Wiley, Jr. | 14,400 |
| William Trevillion | 14,400 |
| Roderick Webb | 13,200 |
| Emmett L. Adams, Jr. | 13,200 |
| Danny C. Clark | 13,200 |
| Jane M. Netterville | 13,200 |
| Roy K. Smith | 13,200 |
| Totals | <u>100,800</u> |

Gravity Drainage District No. 1

| | |
|--------------------|--------------|
| Woodrow Wiley, Sr. | \$ 400 |
| Calvin Rabb | 500 |
| Woodrow Wiley, Jr. | 400 |
| Walter Butler | 450 |
| Tommy Hale | 350 |
| Totals | <u>2,100</u> |

Gravity Drainage District No. 2

| | |
|-----------------|--------------|
| Bill Crigler | \$ 300 |
| Curt Leake | 350 |
| LaVance Herring | 200 |
| Robert Scott | 300 |
| Carl Tatum | 250 |
| Totals | <u>1,400</u> |

Gravity Drainage District No. 3

| | |
|-----------------|--------------|
| Sidney Lee | \$ 150 |
| Clarence Evans | 300 |
| David Miller | 200 |
| Bobby Conner | 250 |
| Terry Mize, Jr. | 200 |
| Totals | <u>1,100</u> |

**OTHER REPORTS REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Police Jury
Tensas Parish, Louisiana

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Tensas Parish Police Jury (the Police Jury) as of and for the year ended December 31, 2004, and have issued our report thereon dated September 22, 2005. Our report was modified because the primary government financial statements do not include the financial data of the parish's component units and because expenditures in the general fund were not classified by function as required by generally accepted accounting principles. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and the *Louisiana Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Police Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted several matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Police Jury's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of Findings and Questioned Costs as items 2004-1 and 2004-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Members of the Police Jury
Page Two

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2004-1 and 2004-2 to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Police Jury's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Current Year Findings and Questioned Costs as items 2004-3 and 2004-4.

This report is intended for the information and use of the Police Jurors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Ferriday, Louisiana
September 22, 2005

Switzer, Hopkins & Mange

TENSAS PARISH POLICE JURY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2004

Section 1: Summary of Audit Results

Financial Statements:

- | | |
|--|-----------|
| 1. Type of auditors' report issued on the primary government financial statements: | Qualified |
| 2. Material noncompliance relating to the primary government financial statements? | Yes |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Reportable condition(s) identified that are not considered to be material weaknesses? | No |

Section 2 – Financial Statement Findings

2004-1 Condition of Accounting Records

Finding:

During the auditing of the Police Jury, we determined that the Police Jury could not produce financial statements, the general ledger and other needed documents and reports in a timely and accurate manner. These items need to be produced for financial reporting and internal decision making.

Some of the problems that we noted were as follows:

1. Accounts payable were recorded on the general ledger, but were not being reconciled at the end of each month. One fund had a debit balance of \$122,323 in accounts payable and none of the eleven funds with accounts payable balances were correct.
2. Accounts payable were being recorded in the correct fund, but were routinely paid out of cash accounts in another fund. This actually resulted in one fund paying the liability of another fund each time this happened. This was an unauthorized transfer of funds.
3. Transfers between funds were not being reconciled on a monthly basis. Adjustments were made to 19 different transfer accounts for amounts up to \$74,329.
4. Financial statements are not available for the Police Jury to review and make management decisions timely.

TENSAS PARISH POLICE JURY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2004

Recommendations:

We recommend that the Police Jury continue to educate its staff to maintain its books and records in a manner needed to have accurate financial statements available at monthly meetings so that decisions can be made.

Management Response:

The Police Jury stated that they have changed their top management in January of this year for the third time in three years. They have also hired an outside CPA firm to train the staff and the records will be much improved for the 2005 audit.

2004-2 Expense Account Classifications

Finding:

We noted that the expenditures in the general fund are not coded by function. At a minimum, the expenditures should be coded to the following functions:

- General government
 - Legislative
 - Judicial
 - Elections
 - Finance and administrative
 - Other general government
- Public Safety
- Public Works
- Health and Welfare
- Culture and Recreation
- Economic Development
- Debt Service
- Capital Outlay

Recommendations:

We recommend that the chart of accounts be revised to include the various functions of government. Financial statements should be presented to include expenditures by function.

Management Response:

The Police Jury agrees and will work to have the general fund chart of accounts to be segregated by function.

TENSAS PARISH POLICE JURY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2004

2004-3 Failure to Report on a Timely Basis

Finding:

Louisiana Revised Statute 24:513 required all audit engagements to be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the Police Jury's year end. Accordingly, the Police Jury audit report for the year ended December 2004 was due to the Legislative Auditor by June 30, 2005.

The Police Jury's accounting records were not accurate enough for an audit to be performed within the required time.

Recommendation:

We recommend that the Police Jury maintain accurate accounting records whereby an audit can be made timely enough to comply with Revised Statute 24:513.

Management Response:

Next year the records will be accurate enough to have the audit completed on time.

2005-4 Late Filing of Payroll Tax Returns

Finding:

We noted that two payroll tax returns were filed late during the year. Apparently the taxes related to these payroll tax returns were paid on time, but the returns themselves were not filed until they were required by the government. There were no penalties assessed related to these two payroll tax returns.

Recommendations:

We recommend that all payroll tax filing requirements be met on a timely basis.

Management Response:

This problem has already been addressed and corrected.

TENSAS PARISH POLICE JURY

Summary Status of Prior Year Findings
Year Ended December 31, 2003

The following is a summary of the status of findings included in the Schedule of Findings dated September 29, 2004 issued in connection with the audit of the financial statements of the Tensas Parish Police Jury as of and for the year ended December 31, 2003.

2003-1 – Submission of Audited Financial Statements

We noted that the audit report for the year ended December 31, 2003 was due to be completed within six months after the close of the year. The audit report was due no later than June 30, 2004 and was submitted to the Legislative Auditor on October 1, 2004. This is a violation of R.S. 24:513A(5)(a).

Status: This finding continues to be finding 2004-4 in the current year.

2003-2 – Monitoring Spending and Current Financial Statements

We noted that the Tensas Parish Police Jury did not have available at any time during the year financial statements. Financial statements are needed in order to be able to monitor spending and revenues according to budgeted amounts.

Status: This finding continues to be finding 2004-1 in the current year.

2003-3 – General Fixed Asset Listing

The Tensas Parish Police Jury did not take a physical inventory during the year. The record of the Jury indicates that \$6,120,059 in general fixed assets are on hand, however the fixed asset records identify only \$3,698,672 in land, buildings and equipment.

Status: This finding has been corrected in the current audited year.